

BILL ANALYSIS

Senate Research Center

H.B. 3016
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Finance
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Enrolled

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Wholesale distributors sell drugs to hospitals and health care providers. Due to the nature of the health care industry and the nature of drugs specifically, these distributors generally maintain an inventory of drugs in excess of what typical market demands would otherwise require in order to meet the demand of public health purposes, emergencies, disasters, and homeland security concerns. This results in distributors holding greater than market quantities of drugs in inventory and being taxed for property tax purposes in excess of the typical market place.

H.B. 3016 requires the chief appraiser, in determining the market value of drug supplies held in surplus, to exclude as economic obsolescence from the market value cost attributable to drug supplies held in surplus which are in excess of the amount of drugs held for normal market purposes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.12, Tax Code, by adding Subsection (h), as follows:

(h) Defines "drug supplies held in surplus." Requires the chief appraiser, in determining the market value of drug supplies held in surplus, to exclude as economic obsolescence from certain values. Requires the owner, for rendition purposes, in calculating the number of days drug supplies held in surplus are held in an inventory, to use a certain formula. Requires the owner, when the owner renders the owner's total drug inventory, to include certain information. Prohibits the percentage of an owner's drug supplies held in surplus inventory from exceeding 10 percent of the owner's total inventory of drugs as previously defined, notwithstanding any other provision of this subsection.

SECTION 2. Effective date: January 1, 2006.